

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4456-02
Bill No.: HCS for SB 607
Subject: Elections; Taxation and Revenue - Sales and Use
Type: Original
Date: May 1, 2014

Bill Summary: This proposal modifies ballot language for the public safety sales tax in Springfield.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0 or \$1,750,000	\$0 or \$1,750,000	\$0 or \$1,750,000

FISCAL ANALYSIS

ASSUMPTION

§94.579 - Modifies ballot language for public safety sales tax in Springfield

Officials at the **Office of Administration Budget and Planning** assume this proposal changes enabling language regarding a public safety sales tax. This will have no direct impact on general and total state revenues.

In response to a previous version, officials at the **Office of the State Treasurer**, the **Missouri State Tax Commission**, the **Department of Revenue** and the **Office of the Secretary of State** each assumed no fiscal impact to their respective agencies from this proposal.

Officials at the City of Springfield did not respond to **Oversight's** request for fiscal impact.

§94.902 - Public Safety Sales Tax in Liberty

In response to a similar proposal from this year (HB 1443), officials at the **Department of Revenue (DOR)** assumed this section of the law gives North Kansas City the authority to impose a sales tax for public safety improvements. ITSD for DOR requires 40 hours of coding to support a new sales tax item. At \$27.30 per hour, the estimated cost would be \$1,092. This legislation does not create an additional impact for the Department.

Oversight assumes this cost to be minimal and therefore absorbable within current funding levels.

In response to a similar proposal from this year (HB 1443), officials at the **City of Kansas City** assumed no fiscal impact from this proposal.

Officials from the **Office of Administration - Office of Administration - Budget and Planning (BAP)** state according to DOR's sales tax report, taxable sales in Liberty totaled \$377.9 million in calendar 2013. Therefore, this sales tax might generate \$1.9 million for the city.

The revenues collected will have no impact on general or total state revenues; however, 1% will be retained in General Revenue to offset DOR's collection costs. Therefore, general and total state revenues could increase by \$19,000 if the sales tax is approved.

ASSUMPTION (continued)

In response to similar legislation (SB 773), officials from the **City of Liberty** state if approved, this would generate \$1.75 million per year x 3 years for a total of \$5.25 million. Liberty would use these proceeds to fund only incremental police and fire expenses.

§144.080 - Required sales tax may be assumed or absorbed into the price of the property sold

In response to similar legislation (HB 1296), officials from the **Office of the Secretary of State (SOS)** assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to similar legislation (HB 1296), officials from the **Office of the Attorney General** assumed any potential costs arising from a previous version of this proposal could be absorbed with existing resources.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal would not result in any additional costs or savings to their organization.

BAP officials noted this proposal would allow a seller to advertise that the required sales tax will be assumed or absorbed into the price of goods or services if the amount of the tax is displayed on the receipt or invoice. BAP officials assume this proposal would have no direct impact on Total State Revenues.

In response to similar legislation (HB 1296), officials from the **Department of Revenue** assumed no fiscal impact from this proposal.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules** assume this proposal would have no fiscal impact on their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
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LOCAL POLITICAL SUBDIVISIONS

<u>Income</u> - City of Liberty (§94.902) sales tax for public safety	\$0 or <u>\$1,750,000</u>	\$0 or <u>\$1,750,000</u>	\$0 or <u>\$1,750,000</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or <u>\$1,750,000</u>	\$0 or <u>\$1,750,000</u>	\$0 or <u>\$1,750,000</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

§94.579

Currently, every five years the city of Springfield must submit to the voter the question of whether to repeal its public safety sales tax. This act modifies the ballot language so that the question will be whether to continue the tax. Failure by the voters to approve continuation will result in a repeal of the tax.

FISCAL DESCRIPTION (continued)

§94.902

Would allow a sales taxes for public safety in Liberty.

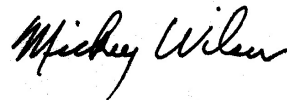
§144.080

This bill allows a seller to advertise that the required sales tax will be assumed or absorbed into the price of the property sold or the service rendered if the amount of the tax is separately stated on the invoice or receipt.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Treasurer
Missouri State Tax Commission
Department of Revenue
Office of the Secretary of State
Office of Administration Budget and Planning
Joint Committee on Administrative Rules
City of Kansas City
City of Liberty
Office of the Attorney General



Mickey Wilson, CPA
Director
May 1, 2014

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